

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION FREE CONFERENCE COMMITTEE ON HOUSE BILL 124**

**Call to Order:** By **CHAIRMAN ROYAL JOHNSON**, on April 18, 2001 at 5:00 P.M., in Room 455 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Royal Johnson, Chairman (R)  
Rep. Bob Story, Chairman (R)  
Rep. John Esp (R)  
Rep. Jeff Mangan (D)  
Sen. Emily Stonington (D)

**Members Excused:** Sen. Bob Keenan (R)

**Members Absent:** None.

**Staff Present:** Linda Keim, Legislative Secretary  
Lee Heiman, Legislative Attorney

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted:  
Executive Action: HB 124

**CHAIRMAN JOHNSON** called the meeting to order and asked **Judy Paynter, Department of Revenue**, for the latest calculations. **Judy Paynter** handed out notebooks **EXHIBIT (frh87hb0124b01)** entitled "HB 124, Cities @ 3%, Counties @ 2.3%" and referred to the Summary Sheets. The first page is a comparison called "Bottom Line Cost When Isolating Consolidated Governments". It shows the costs with different growth rates. The one we discussed this afternoon was Cities 3%, Consolidated Governments 2.3%, Counties 2.3% and that cost is \$20,781,606. If you move Consolidated Governments up to 2.65%, which is halfway in-between, and the reason for that is before you take away district courts and HB 20 expenditures they have a \$62 million revenue base and the cites have \$56 million, and it is about a 50/50 mix of revenue. At 2.65% you would spend \$21,372,425. At 2/3 - 1/3 it is 2.75%, or \$21,543,520 and if you put them totally at 3%, it

is \$21,975,772. The issue will be under the "Consolidated" tab where you have two tabs: Anaconda and Butte. **Brad Simshaw** explained there are four charts and they show the expenditures at 2.3%, 3.0%, 2.65% and 2.75%. The first is: "Anaconda/Deer Lodge Consolidated Government HB 20 and SB 417 Are Out, 2.3% ALL YEARS". He said that for fiscal year 2002 at 2.3%, the entitlement growth is \$10,754 and is in the red in year 2011 by \$6,207. At 3% in 2011, they are in the black at \$51,471. If you go halfway between, at 2.65%, the difference is \$22,190. Going 2/3 of the difference, at 2.75%, the difference is \$30,464. For Anaconda at 2.3% they were in the red and continued to stay that way. But as soon as we go to 2.65% and above, they are in the black. The same scenario happens with Butte/Silver Bow. The charts for Butte/Silver Bow indicate they would be in the red at 2.3% and continued to stay that way thru fiscal year 2011 showing a negative \$74,236. At 2.65%, they are in the black at \$12,761 in 2011, and at 3% in 2011 they are in the black at \$102,469.

**CHAIRMAN JOHNSON** asked what the total cost is if both are put at 2.65%, which takes them out of the red. **Judy Paynter** referred back to the Summary Sheet in the front of the notebook which indicated it would be \$590,819 more. **CHAIRMAN JOHNSON** asked Gordon Morris for some input.

**Gordon Morris, Director Montana Association of Counties** said he had talked to his executive committee and they were comfortable in going forward with the recommendation of 2.3% adjusted to 2.65% for consolidated governments.

**Alec Hansen, League of Cities and Towns** said he talked to the cities and towns that have representatives on the executive board and the 3% is okay. He said we need to deal fairly with consolidated governments for political and other reasons, and when they reach a decision on consolidated governments, the League of Cities and Towns is behind this bill, as it was from the beginning.

**Ron Ellis, Chief Administrative Officer for Lewis and Clark County** said they also support this bill.

**Jani McCall, City of Billings** said they support this version of the bill.

**Linda Stall, Toole County** said they support the bill.

**Joe Mazurek, City of Great Falls** said they support the bill.

**Charles Brooks, Yellowstone County** said the Yellowstone County Commissioners are on board.

**CHAIRMAN JOHNSON** said **Director Swysgood** told the committee earlier that if the amounts were close he would not argue with it. He said he asked if \$21 million would bother him and **Director Swysgood** said it would not. **CHAIRMAN JOHNSON** said this is 21,372,000 and he hopes that amount doesn't bother him any more than the \$21 million. **REP. MANGAN** said he just asked **Amy Carlson, Budget Office** to talk to **Director Swysgood** and find out which of the options he preferred. **REP. MANGAN** said it will probably be the 2.65%, because it is the lowest. She will have his report back in a few minutes. When they talked after the last meeting, **REP. MANGAN** said he told **Director Swysgood** that the range would be from \$20,781,000 to \$22,300,000 and he seemed to be okay within that range, so any of these options would be okay.

**CHAIRMAN JOHNSON** said he would like to have a motion for one of these options, take a vote on it and see where we are at. We have to remember that if whatever we recommend fails on the Senate floor, we must have this bill. We have **SEN. ELLIOTT'S** amendments prepared if that happens. He said he is ready for a vote, and that he had **SEN. KEENAN'S** proxy, because he is at the HB 2 meeting.

**Brad Simshaw** pointed out that there is a negative amount on the 2.65% for Butte/Silver Bow in fiscal year 2003. **Judy Paynter** explained it is just a question of when the credits are going to be given to the gaming machine owners. Those are being slowed down, so gaming machine revenue will spread out. It only grows about 2% the first year, then it grew about 7% the next year because they assumed there would be a lot of credits against the machines in 2002. It is just a balance between the two years of when the credits are given.

**CHAIRMAN JOHNSON** asked **Director Swysgood** for his input and explained the charts he had been handed. He said those include the fact that we have taken care of the consolidated governments except for one year when they have \$3,000 negative in 2003, but based on the positive \$46,000 in 2002 (under the Butte tab) they could save that \$3,000 out of their first year's contributions.

**Chuck Swysgood, Director Office of Budget and Program Planning** apologized for not being there earlier; he had been in another meeting. He said the way he understood it is if this bill comes out of committee with the cities at a 3% growth factor across the board, the counties at a 2.3% growth factor across the board, and the two consolidated governments at a 2.65% across the board, that the cost increases about \$1 million. **CHAIRMAN JOHNSON** said no, it is \$590,000. **Director Swysgood** said if that is the way the bill comes out of committee, with everything else like the .76% growth for schools, he will recommend to the Governor that

she sign it if the bill gets through the process. **CHAIRMAN JOHNSON** said they appreciate that, and the committee had not voted on that item yet, but they do need more than just the Governor's concurrence. They need real help if they want to get this bill in its present form so the Governor will ever see it. They would appreciate whatever help he could give along those lines. **Director Swysgood** said that if there are some Senators that want to talk to him about this, he would be glad to talk to them and give them his position on this structure.

**REP. MANGAN** moved the 2.65% growth rate amendment for consolidated governments. **CHAIRMAN JOHNSON** said maybe we should not take the first option, so that we do the whole thing at once. **REP. MANGAN** withdrew his motion.

**REP. MANGAN** moved to adopt the cities at 3%, the consolidated governments at 2.65% and the counties at 2.3%. **SEN. STONINGTON** said this is in law as a percentage of the growth rate of the state, and asked **Judy Paynter** to indicate how much that works out to be. **Judy Paynter** said it is 70% for cities, 54% for counties, and 62% for consolidated governments. **SEN. STONINGTON** said the motion should be stated that way. **CHAIRMAN JOHNSON** asked that the motion be changed to read that way.

**REP. MANGAN** moved to adopt the cities at 70%, the consolidated governments at 62%, and the counties at 54%. Motion passed unanimously 6-0.

**CHAIRMAN JOHNSON** said the committee will sign that off to put it on the floor. He asked if other amendments were needed. **Lee Heiman, Legislative Attorney** said the amendments have been adopted as we went along.

**SEN. STONINGTON** asked **Lee Heiman** how this will be presented on the floor. **Lee Heiman** said it would be just like any other conference committee, you will get a copy of the amendments. **SEN. STONINGTON** asked that a bulleted version be made of the amendments as they are now for distribution on the floor so people can see what is in the bill. **CHAIRMAN JOHNSON** asked **Judy Paynter** to do that and also make a copy of the chart that was adopted concerning cities, the second item down on the first page, so they would be ready for distribution to the Senate. **Judy Paynter** said they would be ready.

**REP. STORY** asked **Amy Carlson** how soon she could have a fiscal note ready. Do they need one to proceed on the floor, or will people be happy with the current one? **Amy Carlson** said they did a fiscal note for House and Senate Tax, and she doesn't think

there are any big changes. There would be changes in HB 20 and SB 417 and several changes in the entitlement numbers. **REP. STORY** said this would be on the floor tomorrow afternoon. **Amy Carlson** said she would have the fiscal note ready.

**SEN. STONINGTON** suggested the committee have a short discussion about what people want to see in the information that is presented on the floor. She said they like to see how it affects their city or county; and asked if it would be worthwhile making copies of the notebooks for everyone, or if they could just have them ready for reference and people could ask questions about their community. **Judy Paynter** said they would make 44 more books like the ones that were distributed and put the bulleted information in the front.

**SEN. STONINGTON** said she did not understand the Great Falls chart and would like an explanation. She asked **Judy Paynter** to meet with her afterwards. **Joe Mazurek, City of Great Falls** said he met with **Judy Paynter** following the afternoon session and has spoken with the Cascade County Commissioners, he would be glad to meet with **SEN. STONINGTON**. **CHAIRMAN JOHNSON** asked him to give the information to the entire committee. **Joe Mazurek** said the Cascade County numbers appeared to be going negative, but it turned out they really are not. They have higher expenditures than they have revenues that they are committing, which is the opposite of nearly every other county. Because they get to keep those mills, they have entitlement share that will only grow based on population growth. It appeared to be negative, but is actually positive. The Cascade Commissioner still supports the bill, they understand the situation, and we don't need to make a change. The City of Great Falls is okay, the only problem was with the county. The negative numbers for the City of Great Falls were because district court and welfare both had high expenses. He said that because they have dams, they had very little reimbursement in 184.

**SEN. STONINGTON** moved HB 124 as amended. The motion passed unanimously 6-0.

**CHAIRMAN JOHNSON** announced that the motion passed and thanked everyone for their attention, their time, and all the work that had gone into this.

**REP. STORY** said he would also like to thank everyone for their work and he especially thanked the Department of Revenue. He said the issue now is to get the votes.



**ADJOURNMENT**

Adjournment: 5:40 P.M.

---

SEN. ROYAL JOHNSON, Chairman

---

Linda Keim, Secretary

BS/RJ/

**EXHIBIT** (frh87hb0124bad)